No. 87-499

IN THE

Supreme Court of the United States

October Term, 1987

CHARLES R. CHRISTIANSON AND
INTERNATIONAL TRADE SERVICES, INC.,
Petitioners,

vs.

COLT INDUSTRIES OPERATING, CORP.
Respondent.

On Writ of Certiorari To The United States Court of Appeals For the Federal Circuit

PETITIONERS' BRIEF ON THE MERITS

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QUESTIONS PRESENTED FOR REVIEW

1. Whether a U.S. Court of Appeals may rule on the merits of an appeal when it expressly rules that it does not have subject matter jurisdiction pursuant to statute?

2. Did the United States Court of Appeals for the Federal Circuit have jurisdiction of the appeal from the district court judgment entered on July 19, 1985?

THE PARTIES

Petitioners (plaintiffs below) are Charles R. Christianson (Christianson), a Massachusetts resident and citizen, and International Trade Services, Inc. (ITS), a Massachusetts corporation with its principal place of business in Massachusetts. Petitioners had been engaged in the sale of certain M-16 rifle parts. Where the context permits, reference to Christianson shall refer to both plaintiffs.

Respondent (defendant below) is Colt Industries Operating Corp. (Colt), a Delaware Corporation with its principal place of business located in New York. Respondent is involved in the manufacture and sale of M-16 rifles and parts to the U.S. military and others. Respondent's parent is Colt Industries, Inc.

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OPINIONS BELOW

The Opinion of the Federal Circuit rendered on June 25, 1987 is reported at 822 F.2d 1544 and is reprinted[1] at PA-1.

The Opinion of the United States Court of Appeals for the Seventh Circuit ("Seventh Circuit") rendered on August 19, 1986 is reported at 798 F.2d 1051 and is reprinted at PA-41.

[1] "PA-1" is short for "Petitioner's Appendix Page 1" found in Christianson's Petition for Writ of Certiorari. Similarly, JA-1 is short for "Joint Appendix Page 1," the joint appendix filed concurrently herewith.

The unpublished Opinion and Order of the Federal Circuit rendered on December 4, 1985 and not reported is reprinted at PA-63.

The Judgment on Liability of the United States District Court for the Central District of Illinois was entered on July 19, 1985 and is reported at 613 F.Supp. 330 and is reprinted at PA-67.

The Memorandum Opinion of the the United States District Court for the Central District of Illinois was entered on May 24, 1985 and is reported at 609 F.Supp. at 1174 and is reprinted at PA-73.

SUPREME COURT JURISDICTION

The Judgment of the Federal Circuit was entered on June 25, 1987. The Petition for Writ of Certiorari was timely filed on September 23, 1987, which was within ninety days thereafter (28 U.S.C. § 2101(c); Supreme Court Rules 20.2, 20.4). The Supreme Court has jurisdiction to review the judgment by writ of certiorari pursuant to 28 U.S.C. § 1254(1). The writ was granted on December 14, 1987.

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

Article I, Sec. 8, Cl. 8 of the Constitution, in part, provides:

> The Congress shall have power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

Article III, Sec. 1 of the Constitution, in part, provides:

> The judicial Power of the United States, shall be vested in one supreme Court, and in such inferior Courts as the Congress may from time to time ordain and establish.

The Federal Courts Improvement Act, "Jurisdiction of the U.S. Court of Appeals for the Federal Circuit." Title 28 U.S.C. § 1295 is reprinted at PA-101.

Title 28 U.S.C. § 1291 is reprinted at PA-103.

Title 28 U.S.C. § 1338 is reprinted at PA-103.

Title 28 U.S.C. § 1631. "Transfers for Want of Jurisdiction" is reprinted at PA-104.

The Federal Antitrust Laws. Clayton and Sherman Acts. Title 15 U.S.C. §§ 15 and 26 reprinted at PA-105-106, and Title 15 U.S.C. §§ 1 and 2 reprinted at PA-104-105.

Title 35 U.S.C. § 112, reprinted at PA-107, which in pertinent part provides that a patent must:

> contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Title 35 U.S.C. § 154 reprinted at PA-108, which in pertinent part provides that a patent has a "term of seventeen years."

STATEMENT OF THE CASE[2]

A. The Christianson Case

Christianson and ITS filed suit against Colt on a complaint (JA-7) for damages, injunctive and equitable relief under §§ 4 and 16 of the Clayton Act (15 U.S.C. §§ 15 and 26), upon their allegations that Colt had violated §§ 1 and 2 of the Sherman Act (15 U.S.C. §§ 1 and 2) by driving plaintiffs out of business. The suit was filed on May 14, 1984 in the United States District Court for the Central District of Illinois, Rock Island Division, and it was assigned to Judge Robert D. Morgan and received Docket No. 84-4056 ("Christianson Case") (JA-3). Jurisdiction of the District Court was invoked under 28 U.S.C. § 1332 and

[2] The facts herein in sections A-F are substantially as set forth in Christianson's original Motion to Transfer to the Court of Appeals for the Seventh Circuit filed in the Federal Circuit.

15 U.S.C. §§ 4, 15 and 26. The complaint did not raise any issues of patent infringement and did not request a declaratory judgment of patent invalidity.

On June 6, Colt filed its answer denying violations and counterclaimed (JA-3, 13), alleging breach of contract, statutory and common law unfair competition, misappropriation and conversion of Colt's property, tortious interference with contractual obligations, violation of common law and federally registered trademark, violation of § 43(a) of the Lanham Act (jurisdiction over which is based under 1338 relating to trademarks), and violation of the Illinois deceptive trade practices act (Ill. Rev. Stat. ch. 121 1/2 § 312). No allegation of patent infringement was made in the counterclaim.

On June 25, 1984, Christianson and ITS filed a reply to counterclaims (JA-3, 35), setting forth defenses, inter alia, referring to 35 U.S.C. § 112.

B. The Springfield Case

At the time of filing the Christianson Case (Docket No. 84-4056), another case, relating to the M-16 rifle, was pending before Judge Morgan in the same Court. That case was originally filed in September of 1983 as *Colt Industries Operating Corp., Firearms Division, v. Springfield Armory, Inc. and Rock Island Armory, Inc.*, D.C.C.D. Ill., Rock Island Div., Docket No. 83-4072 ("Springfield Case"). (PA-74)

In the Springfield case, Colt had claimed patent infringement by Springfield and Rock Island under 35 U.S.C. § 271 with jurisdiction for the patent claim based on 28 U.S.C. § 1338. The Springfield case additionally claimed infringement of federally registered and common law trademarks, false advertising and designation of origin, unfair competition, misappropriation, dilution of distinctive trademarks, and tortious interference with contracts. Colt sought to preliminarily enjoin Springfield and Rock Island from selling M-16 rifles to El Salvador. Neither Christianson or ITS were parties in the Springfield case when it was initially filed. However, Christianson, testified at that hearing as a witness called by Springfield.

The Court granted a preliminary injunction on October 7, 1983 and on October 17, 1983, Springfield and Rock Island appealed to the Court of Appeals for the Federal Circuit (Appeal No. 84-559).

C. Colt Industries Amended the Springfield Case to add Christianson and ITS as Defendants and then Colt Industries Voluntarily Dismissed Christianson and ITS.

On October 24, 1983, Colt filed an amended complaint in the Springfield case (83-4072). The amended complaint additionally added defendants Christianson, ITS, Tool Supply Division, and Green River Armory, Inc. Tool Supply Division was a division of the named defendant, ITS. Christianson, ITS and Tool Supply Division were *not* charged with patent infringement. They were, however, made defendants on many of the other claims, primarily based on alleged trade secret misappropriation and trademark infringement. Green River, Christianson, ITS, and Tool Supply Division were not parties to Springfield's appeal to the Federal Circuit.

In about January of 1984, Colt filed a motion for preliminary injunction against Christianson, ITS, and Tool Supply Division.

On March 20, 1984 the Court of Appeals for the Federal Circuit (Judges Davis, Baldwin and Miller) affirmed the granting of the preliminary injunction against Springfield and Rock Island in an unpublished decision (JA-1).

On April 19, 1984, Judge Morgan denied Colt's Motion for Preliminary Injunction against Christianson, ITS, and Tool Supply Division. The Court then gave Christianson, ITS, and Tool Supply Division 30 days to file an answer to Colt's complaint, and to file counterclaims if they so desired. Before the thirty days expired, and on May 11, 1984, Colt voluntarily dismissed by notice, all of its claims against Christianson, ITS and Tool Supply Division.

D. The Christianson Case and the Springfield Case were Briefly Consolidated for Efficiency in Discovery and Trial.

On May 14, 1984, Christianson and ITS filed the instant complaint as initially explained and then, on June 27, 1984, the District Court consolidated *Colt Industries v. Springfield et al.*, Civil Docket No. 83-4072, with *Christianson and ITS v. Colt Industries*, Civil Docket No. 84-4056 in accordance with Rule 42(a) FRCP for discovery purposes and for trial. (JA-3,4) The cases were not joined--none of the provisions of FRCP Rules 19-25 providing for joinder, or the like, were used.

On July 12, 1984, the District Court set the consolidated cases for final pre-trial conference and a jury trial for October 11, 1984 and November 7, 1984 respectively.

On August 1, 1984 the District Court entered an order, (JA-50) proposed by Colt and stipulated to by Christianson and ITS, providing that all of the discovery taken during the Springfield case could be used by all parties in the Christianson case.

E. The Closing of the Springfield Case Ends Consolidation.

On August 30, 1984, the case of *Colt Industries Operating Corp, Firearms Division v. Springfield Armory, Inc., Rock Island Armory, Inc., and Green River Armory, Inc.*, Civil Action No. 83-4072 and all claims and counterclaims asserted therein were settled on terms contained in a Consent Judgment and an Agreement Ancillary to the Consent Judgment. The Consent Judgment was filed and entered on September 5, 1984 and the Springfield case was dismissed. (JA-4, 51)

F. Christianson Case in the District Court after Springfield's Close.

After the close of the Springfield case, the trial scheduled for November was cancelled on the representation by the parties to civil action 84-4056 (Christianson case), that cross motions for summary judgment would be filed. (PA-75) Christianson

and ITS filed (JA-4) a motion for summary judgment (JA-57) and amended their complaint (JA-52) to include a second count under the common law for intentional interference with business expectancies by Colt and requested actual and punitive damages.

Colt filed (JA-4) a cross motion for summary judgment (JA-81) characterizing Christianson's defenses against Colt's alleged trade secrets as falling into two categories, one relating to 35 U.S.C. § 112 and the other being the equitable defense of waiver, estoppel, and laches. Colt contended that only the second should remain for trial. (JA-82) Colt filed an answer and counterclaims to Count II of the Amended Complaint (JA-55). Since the Counterclaims were identical to the prior alleged counterclaims, no further answers were filed by Christianson or ITS.

Oral Argument was heard on the motions in November of 1984 and additional briefing was submitted. A memorandum decision and order in favor of Christianson on the motions (PA-73) was entered May 24, 1985 in Civil Action 84-4056 (Christianson case).

Christianson proposed a form of the final judgment for liability on account of its antitrust and intentional interference with business expectancies claims, and with regard to two of Colt's counterclaims relating to trade secrets. Colt, in addressing the form of the order, requested that plaintiffs' proposed order be modified to specifically add a statement in the adjudicative part of the final judgment listing 12 of Colt's patents and reciting that because of their failure to comply with § 112, they were invalid from their inception. Christianson and ITS requested that three of the twelve patents be removed from Colt's proposed list, pointing out that three of these patents either had not been addressed earlier or were not necessarily an appropriate basis for the unenforceability of the alleged trade secrets. The Court incorporated the language proposed by Colt as to the nine remaining patents. The final judgment order also provided Christianson and ITS with injunctive relief against Colt. Final Judgment on the issue of

liability of Counts 1 and 2 of plaintiffs' complaint and dismissal of Colt's Fifth and Sixth counterclaims were entered July 19, 1985. (PA-67)

A stay of further proceedings and a stay of certain injunctive provisions of the judgment has been granted pending appeal.

G. Jurisdictional Conflict on Appeal.

Colt appealed the district court's antitrust judgment to the Federal Circuit. (JA-6) Christianson promptly moved to transfer the appeal to the Seventh Circuit, because the Federal Circuit lacked subject matter jurisdiction since his complaint did not "arise under" the patent laws. Colt promptly thereafter filed its opening brief on the merits nearly a month early (JA-106) and moved for expedited treatment (JA-102), including a request to shorten the time for Christianson's response, which was denied in favor of a stay pending resolution of the jurisdictional question. The parties fully briefed the jurisdiction question. The Federal Circuit ruled that it could not discern any basis for its jurisdiction under 28 U.S.C. § 1295 ("Jurisdiction of the U.S. Court of Appeals for the Federal Circuit") (PA-63), and transferred the case, pursuant to 28 U.S.C. § 1631 ("Transfer to Cure Want of Jurisdiction") to the regional circuit which, under 28 U.S.C. § 1291, was the Seventh Circuit. (PA-65) Colt did not seek review by this Court or a rehearing.

The parties briefed and orally argued the merits before the Seventh Circuit. Colt submitted a substitute brief on the merits which included the following "Jurisdictional Summary", not included in its prior Federal Circuit brief, which stated:

> Colt originally filed this appeal on August 5, 1985, [footnote omitted] in the Federal Circuit *because the complaint*, albeit for antitrust liability, *depends entirely on the claim that Colt's patents are invalid* under 35 U.S.C. § 112. *The theory of plaintiff's complaint* is that Colt's failure to disclose its manufacturing specifications and its patent applications deprives Colt of both patent and trade secret protection, and that Colt's enforcement of those trade secrets violates the antitrust laws. (Emphasis added.)

This position was ultimately accepted by the Seventh Circuit when it stated:

> . . . the abuse by the defendant of the patent and trade-secret law was the *only* basis Christianson asserted in the complaint for the alleged antitrust violation, and the *only* ground asserted for invalidity of the trade secrets was the withholding of information in contravention of § 112. (Emphasis added.)

PA-61, 798 F.2d at 1061 (7th Cir.). During oral argument, Judge Eschbach, *sua sponte* raised the jurisdictional question. The Seventh Circuit, without requesting additional briefing on the jurisdiction issue, decided that the Federal Circuit was "clearly wrong" on the appellate jurisdiction issue and ordered the case transferred back, citing 28 U.S.C. § 1631. (PA-51, 798 F.2d 1056-1057 (7th Cir.)) The Seventh Circuit stated that it was relying on the same jurisdictional briefing as before the Federal Circuit. (PA-49, 798 F.2d at 1056).

Back in the Federal Circuit, Christianson moved to dismiss the appeal for want of jurisdiction and on grounds of *res judicata* as to the jurisdiction question. The parties submitted additional briefing on Christianson's motion for dismissal. Oral argument was held before the Federal Circuit on both jurisdiction and merits. The Federal Circuit, after an extensive review of its appellate jurisdiction under 28 U.S.C. § 1295, decided that the Seventh Circuit was "clearly wrong," and that a "monumental misunderstanding of the patent jurisdiction granted" the Federal Circuit had occurred. (PA-10, n.7, PA-2, 822 F.2d at 1551, n.7) It concluded that Congress never intended it to exercise jurisdiction over this type of appeal. (PA-10)

The Federal Circuit determined that it would not be in the "interest of justice" to re-re-transfer the case back to the Seventh Circuit, denied Christianson's motion to dismiss, and declined to seek the assistance of this Court under 28 U.S.C. § 1254(3). (PA-27, 28) Notwithstanding its express determination that it had not been granted jurisdiction, it proceeded to render a decision on the merits, reversing the district court's

summary judgment in favor of Christianson.[3] (PA-29-35)

SUMMARY OF ARGUMENT

A. The Federal Circuit erred in reversing the merits of a District Court Judgment After Concluding that Congress had Not Granted it Jurisdiction of the Appeal.

Courts created by Congress may not exercise subject matter jurisdiction beyond that conferred by Congress. Accordingly, the Court of Appeals for the Federal Circuit erred when it rendered a decision on the merits after expressly holding it had no statutory jurisdiction. This Court said in *Firestone Tire & Rubber Co. v. Risjord*, 449 U.S. 368 (1981):

> If the appellate court finds that the order from which a party seeks to appeal does not fall within the statute, its inquiry is over. A court lacks discretion to consider the merits of a case over which it is without jurisdiction, . . .

There is no authority for the Federal Circuit's "interest of justice" language to support its decision on the merits. While that language is found in 28 U.S.C. § 1631, nothing in that transfer statute confers jurisdiction on an appellate court which would not have had jurisdiction if a timely appeal had been taken to it. To the contrary, the premise of the statute is precisely the opposite. That is, because a court without jurisdiction necessarily lacks power to decide a case, the statute merely enables transfer to a court with jurisdiction "if it is in the interest of justice" to do so.

B. The Federal Circuit was Correct in its Conclusion that Congress had Not Granted it Jurisdiction of the Appeal.

Jurisdiction of the Federal Circuit, as here relevant, is determined from 28 U.S.C. § 1295 as it incorporates by reference the "patent jurisdiction" of 28 U.S.C. § 1338. § 1338 provides for exclusive jurisdiction in Federal court of cases "arising under" the patent laws. That standard has been long used to demarcate jurisdiction between state courts and federal courts in suits involving various patent issues. Many cases involving conflict with federal patent laws are either state court cases or federal cases. A determination of "arising under" the patent laws under § 1338 occurs in the same sense that cases are said to *arise under* federal law for purposes of federal question jurisdiction. The resolution of that demarcation is dependent upon "arising under" jurisdictional doctrines which interpret plaintiff's complaint, such as the "Holmes' creation test," the "well-pleaded complaint" as in *Franchise Tax Bd. v. Laborers Vac. Trust*, 463 U.S. 2, 9 (1983) and the factors considered in *Merrell Dow Pharmaceuticals v. Thompson*, 478 U.S. ____, 92 L.Ed.2d 650, 106 S.Ct. 3229 (1986).

Christianson's complaint against Colt was based upon causes of action created by the Federal antitrust laws and state tort law. The complaint was brought because Colt organized a group boycott which put Christianson out of business. There was never any issue of patent infringement alleged or pled as between Colt, Christianson and ITS. In fact, most of the relevant patents had expired.

All have conceded that Christianson's cause of action was not created by the patent laws under the Holmes creation test. However, the Federal Circuit and Seventh Circuit were at odds on the application of the "well-pleaded complaint" doctrine. Under that doctrine, for a case to arise under the patent laws the plaintiff's well-pleaded complaint must seek to enforce a right or interest that *necessarily* requires the determination of a substantial issue of federal patent law. Accordingly, even where a federal claim is arguably contained within a cause of action, if the plaintiff may sustain or lose his right to relief for reasons "unrelated" to the federal claim, then the case does not "arise under" federal law. Moreover, under *Merrell Dow*, *supra*, even if a federal issue is in the complaint the case may still not arise under federal law.

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[3] Christianson's Petition for Writ of Certiorari asserted numerous factual and legal errors in the Federal Circuit's opinion and judgment on the merits, and reference can be made to the District Court's opinions and Christianson's Petition for Writ of Certiorari to determine Christianson's position on the merits, should they become relevant to the jurisdiction issues.

Neither Christianson's antitrust count nor the tortious interference count assert, factually or legally, any rights which necessarily require a resolution of § 112 of the patent laws. The § 112 issue arose in the case, as the Federal Circuit correctly found, as an *argument* against a *defense*. Colt claimed in defense that its effort to enforce trade-secret rights under state law provide a justification for its actions in putting Christianson out of business. Christianson's argument against that defense is that Colt had no right to assert certain of its alleged trade secrets because they should have been disclosed in its patent applications.

Paragraph 18 of the complaint contained the lone reference to § 112, but it neither alleged patent validity nor invalidity, neither compliance nor non-compliance with § 112. It alleged only that the validity of the patents "had been assumed." Moreover, both in the complaint and Christianson's answer to Colt's counterclaim of trade secret violations, Christianson had pled non-patent facts sufficient to rebut Colt's claim that its trade secrets provided justification for its actions. Christianson alleged that he had been given permission to use the alleged trade secrets, and that they were in fact no longer secret because of, for example, *laches*, waiver and consent, and estoppel.

C. Colt's Misstatement of the Facts of Jurisdiction to the Seventh Circuit are Grounds for Dismissal of its Appeal.

After the case was transferred to the Seventh Circuit, Colt filed its merits brief and amended it to include a jurisdictional summary which stated:

> Colt originally filed this appeal . . . in the Federal Circuit because the complaint, albeit for antitrust liability, depends *entirely* on the claim that Colt's patents are invalid under 35 U.S.C. § 112. (Emphasis added.)

while knowing full well that such was not the case.

That statement was the precursor of the Seventh Circuit's mistaken view that the abuse by the defendant of the patent

and trade-secret law was the only basis Christianson asserted in the complaint for the alleged antitrust violation, and its mistaken view that the only ground asserted for invalidity of the trade secrets was the withholding of information in contravention of § 112. Colt therefore has significantly contributed to the back-and-forth battering that the parties have so far experienced, and Colt has significantly contributed to the Seventh Circuit's judgment that it had no jurisdiction of the appeal just as surely as if it had filed a formal motion for such a determination.

In view of Colt's representations to the Seventh Circuit, Christianson's motion to dismiss, filed after the Seventh Circuit concluded it had no jurisdiction, should have been granted. Christianson thus requests this Court to direct the Federal Circuit to allow that motion since a further transfer to the Seventh Circuit under 28 U.S.C. § 1631 would only be authorized "if it is in the interest of justice." Colt's conduct precludes such a finding.

ARGUMENT

I. COURTS CREATED BY CONGRESS MAY NOT EXERCISE SUBJECT MATTER JURISDICTION OTHER THAN THAT CONFERRED BY CONGRESS; ACCORDINGLY, THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT ERRED WHEN IT RENDERED A DECISION ON THE MERITS AFTER EXPRESSLY HOLDING IT HAD NO STATUTORY JURISDICTION.

A. A Court without Jurisdiction Cannot Rule on the Merits.

In this case the Court of Appeals for the Federal Circuit expressly held that Congress conferred no subject matter jurisdiction on it to decide the appeal, saying:

> This court was correct in its original transfer of this appeal to the Seventh Circuit.

PA-36, 822 F.2d at 1564;

> Congress is the *source* of jurisdiction granted federal courts, other than the Supreme Court, . . . Continuing this court's consistent focus on the source, we are convinced that Congress never intended this court to exercise jurisdiction over an appeal from a judgment like that *sub judice*. Because we can still, as was said in our original transfer order, "discern no basis for jurisdiction in the Court of Appeals for the Federal Circuit," we expand somewhat on that view here.

PA-10, 822 F.2d at 1550-1551; and

> We have again concluded that this court has not been granted jurisdiction over an appeal from this type of summary judgment in an antitrust case, . . .

PA-27, 822 F.2d at 1559.

The Federal Circuit's action in addressing the merits after making the foregoing finding of a lack of statutory jurisdiction is not only a fundamental violation of the principles of judicial action, but runs afoul of all precedent established by this Court relative to federal court subject matter jurisdiction. Well over one hundred years ago, this Court articulated these principles in *Sheldon et ux. v. Sill*, 49 U.S. 441, 448-449 (1850):

> It must be admitted, that if the Constitution had ordained and established the inferior courts, and distributed to them their respective powers, they could not be restricted or devested by Congress. But as it has made no such distribution, one of two consequences must result - either that each inferior court created by Congress must exercise all the judicial powers not given to the Supreme Court, or that Congress, having the power to establish the courts, must define their respective jurisdictions. The first of these inferences has never been asserted, and could not be defended with any show of reason, and if not, the latter would seem to follow as a necessary consequence. And it would seem to follow, also, that, having a right to prescribe, Congress may withhold from any court of its creation jurisdiction of any of the enumerated controversies. *Courts created by statute can have no jurisdiction but such as the statute confers.* (Emphasis added).

Of course, after the Court in *Sheldon* found that jurisdiction was lacking, it vacated the judgment on the merits of the Circuit Court "for want of jurisdiction." 49 U.S. at 450.[4]

In *Firestone Tire & Rubber Co. v. Risjord*, 449 U.S. 368 (1981), an Eighth Circuit Court of Appeals ruling that motions to disqualify counsel are not appealable final orders was upheld. However, the Eighth Circuit made its decision prospective only and then proceeded to consider the merits of the challenged order. This Court, in agreeing that the Court of Appeals had no jurisdiction because of a lack of finality, thus ruled that the merits could not be reached:

> If the appellate court finds that the order from which a party seeks to appeal does not fall within the statute, its inquiry is over. A court lacks discretion to consider the merits of a case over which it is without jurisdiction, and

[4] The opinion contained no intimation that despite a lack of jurisdiction, the court had the power to decide the case anyway. Indeed, this Court appears never to have upheld a decision of a federal court on the merits where it also expressly held that the court lacked jurisdiction. On the contrary, this Court has consistently required the vacation of any judgment where a court of appeals possessed no subject matter jurisdiction or where the statutory jurisdictional grant was exceeded. Accordingly, in *Stratton v. St. Louis Southwestern R. Co.*, 282 U.S. 10 (1930), this Court vacated the judgment of a court of appeals that decided an appeal from a single district judge's ruling under circumstances where a three judge court was required. This Court said (282 U.S. at 18):

> > When it appears, on an appeal to this court from a decree of the Circuit Court of Appeals, that the latter court had acted without jurisdiction in entertaining the appeal from the District Court, the appropriate action of this court is to reverse the decree of the Circuit Court of Appeals and to remand the case with directions to dismiss the appeal to that court for want of jurisdiction.

Also see this Court's recent decision in *Commissioner v. McCoy*, 484 U.S. ——, 98 L. ed. 2d 2, 108 S.Ct. 217 (1987), where, in a *per curiam* opinion, it ruled that a court of appeals exceeded its jurisdictional authority in affording relief in a taxation matter beyond that authorized by Congressional enactment.

> thus, by definition, a jurisdictional ruling may never be made prospective only. We therefore hold that because the Court of Appeals was without jurisdiction to hear the appeal, it was without authority to decide the merits. Consequently, the judgment of the Eighth Circuit is vacated, and the case is remanded with instructions to dismiss the appeal for want of jurisdiction.

449 U.S. at 379-380.[5]

B. The Transfer Statute, 28 U.S.C. § 1631, Does Not Confer Jurisdiction on an Appellate Court Which Would Not have had Jurisdiction if a Timely Appeal had been Taken to It.

The Federal Circuit did not actually claim that § 1631 enabled it to consider the merits in the absence of jurisdiction, but it vaguely hinted that the "interest of justice" language found in that section somehow blessed its action to go forward on the merits, stating:

> The "interest of justice" provision in 28 U.S.C. § 1631 was intended to require a balancing of a transfer to a court having jurisdiction against dismissal for lack of jurisdiction in the transferring court. Nonetheless, the present special circumstances equally implicate the need to act in the interest of justice.

PA-27, 822 F.2d at 1559; and

[5] It has been held that a judgment on the merits, having been rendered "by a court lacking subject matter jurisdiction," was "a nullity, void *ab initio*." *Alabama Hospital Ass'n. v. United States*, 656 F.2d 606, 610 (Ct. Cl. 1981), *cert. denied*, 456 U.S. 943 (1982). At the least, without jursidiction, no viable decision "of the merits" is available for Supreme Court review. *United States v. Corrick*, 298 U.S. 435, 440 (1936). Also see this Court's refusal to consider the merits in *United States v. Hohri*, 482 U.S. ____, 96 L. Ed. 2d 51, 57, 107 S. Ct. 2246 (1987), *cert. granted* 479 U.S. ____, 93 L.Ed.2d 401, 107 S.Ct. 454 (1986), once it determined there was no jurisdiction in the Court of Appeals for the District of Columbia Circuit even though *certiorari* had been granted, in part, to review a question of national importance involving the claims of Japanese-Americans.

> . . . we have determined that a rule of necessity in the interest of justice due the parties compel us to resolve the questions presented on the merits of the judgment appealed from.

PA-28, 822 F.2d at 1560.

Of course, 28 U.S.C. § 1631, including its "in the interest of justice" language, contains not a grain of support for the Federal Circuit's unprecedented action in deciding this appeal on the merits. Indeed, the premise of the statute is precisely the opposite. That is, because a court without jurisdiction necessarily lacks power to decide a case, the case may be transferred to a court with jurisdiction "if it is in the interest of justice" to do so. See *Hempstead Cty. & Nevada Cty. Project v. U.S.E.P.A.*, 700 F.2d 459, 462-463 (8th Cir., 1983).

United States v. Hohri, *supra footnote 5*, indicates that this Court's view of 28 U.S.C. § 1631 is in accord with its obvious meaning, which is that when a court of appeals "finds that there is a want of jurisdiction," the case may be transferred to the court having jurisdiction "if it is in the interest of justice":

> We vacate the judgment of the Court of Appeals, and remand the case to that court, with instructions to transfer the case to the Federal Circuit. See 28 USC § 1631 [28 USCS § 1631].

____U.S. ____, 96 L.Ed. 2d at 62, 107 S.Ct. at 2252. The reference to § 1631 followed this Court's conclusion that the Court of Appeals for the District of Columbia Circuit lacked jurisdiction. That was the necessary reason why it utilized § 1631 to order a transfer to the appropriate court having jurisdiction.

C. Conclusion

Accordingly, the first question presented is of easy resolution. Under no circumstances may a federal court of appeals exercise jurisdiction that has not been conferred by statute. Nothing in the transfer statute, 28 U.S.C. § 1631, confers jurisdiction on an appellate court which would not have had

jurisdiction if a timely appeal had been taken to it. Therefore, if the Court of Appeals for the Federal Circuit in this case was correct in determining that it lacked subject matter jurisdiction, its judgment on the merits must be vacated.

II. THE CONGRESSIONAL ENACTMENT CREATING THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT CONFERRED NO SUBJECT MATTER JURISDICTION ON THAT COURT TO DECIDE THIS APPEAL OF AN ANTITRUST AND TORTIOUS INTERFERENCE CASE.

A. Jurisdiction of the Federal Circuit is Determined[6] from 28 U.S.C. § 1338, the Same Standard that Applies Between State Courts and Federal Courts in Patent Cases.

[6] The fact of consolidation for a few weeks under FRCP Rule 42(a) with a previously settled patent case can have no bearing on the question of jurisdiction. See footnote 9 in *Christianson*, PA-12 (Fed. Cir.). Moore's Federal Practice § 42.02[3] states:

> Subdivision [42](a) speaks both of joint hearings or trials and of consolidation. This wording should not serve to give renewed life to a mistaken notion that there is some inherent distinction between a joint hearing (or trial) of particular issues, and consolidation. The rule is worded as it is to reflect the prior practice to merge the hearing or trial of separate actions so far as is necessary for their expeditious handling. Thus one or many or all of the phases of the several actions may be merged. But merger is never so complete even in consolidation as to deprive any party of any substantial rights which he may have possessed had the actions proceeded separately. The actions retain their separate identity, and the parties and pleadings in one action do not automatically become parties and pleadings in the other action.

At the outset of the Christianson case, when the initial complaint was filed the jurisdictional basis of the district court, and therefore of the appellate court, was determined. The pleadings in this case, at the time the appeal was filed, presented no more of a case arising under the patent laws than when the case was originally filed. See *Atari, Inc. v. JS & A Group, Inc.*, 747 F.2d 1422 (Fed. Cir. 1984) at 1081:

(footnote continued)

The Federal Circuit has jurisdiction of appeals from final decisions of U.S. District Courts where the district court's jurisdiction, ". . . was based, in whole or in part, on section 1338 . . . . " 28 U.S.C. § 1295(a)(1) of the Federal Court's Improvements Act of 1982 ("FCIA").[7] Section 1338, in turn, confers exclusive jurisdiction on district courts to hear civil actions *"arising under* any Act of Congress relating to patents. . . ." (Emphasis added). 28 U.S.C. § 1338(a).

It is noteworthy that Congress, by referencing the district court's exclusive jurisdiction statute, sought to tie the Federal Circuit jurisdiction to the same dividing line that separates federal court jurisdiction from state court jurisdiction. Since at least 1897 it has been settled law that state courts may decide patent questions.[8] Indeed, if the "arising under" language of 28

(Footnote 6 continued)

> As pointed out in *Albert v. Kevex Corp.*, 729 F.2d at 765, the normal rule is that "federal jurisdiction is measured at the outset of the suit . . . . The criteria for jurisdiction of the district court over a case are determined at the complaint stage, and a subsequent event such as the present separation order entered solely to direct appeals, *that does not alter those criteria*, cannot oust the appellate court of its potential jurisdiction over appeals from final decisions in that case.

[7] Pub. L. No. 97-164, 96 Stat. 25 (1982), 28 U.S.C. 1295(a)(1).

[8] In *Pratt v. Paris Gas Light & Coke Co.*, 168 U.S. 255, 259 (1897), this Court said:

> Section [1338] does not deprive the state courts of the power to determine *questions* arising under the patent laws, but only of assuming jurisdiction of "cases" arising under those laws. There is a clear distinction between a case and a question arising under the patent laws. The former arises when the plaintiff in his opening pleading--be it a bill, complaint or declaration--sets up a right under the patent laws as a ground for a recovery. Of such the state courts have no jurisdiction. The latter may appear in the plea or answer or in the testimony. The determination of such questions is not beyond the competency of the state tribunals.

Thus the Federal Circuit has "case" jurisdiction, not "issue" jurisdiction.

U.S.C. § 1338 had been given broader interpretation than that which is traditional for that phrase and was extended to encompass all cases in which a patent issue arose, the federal court system case load undoubtedly would be much heavier. Under such circumstances, state courts which now decide non-patent "cases" that contain patent issues would be precluded from doing so because § 1338, which confers subject matter jurisdiction on district courts in patent "cases," also makes that same district court "jurisdiction . . . exclusive of the courts of the states in patent . . . cases."[9]

[9] Many cases involving conflict with federal patent laws are either state court cases or federal cases in which the only recitation of jurisdiction is under § 1332, diversity of citizenship. For example, *Brulotte v. Thys*, 379 U.S. 29 (1965) [from the Washington Supreme Court], *Lear, Incorporated v. Adkins*, 395 U.S. 653 (1969) [from the California Supreme Court]; *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257 (1979); *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974). In a related case to *Lear, Lear Siegler, Inc. v. Adkins*, 141 USPQ 327 (9th. Cir. 1964), the Court of Appeals for the Ninth Federal Circuit even stayed the federal declaratory judgment case of patent invalidity and noninfringement pending decisions by the state court involving the same issues of validity and infringement.

Moreover, issues of compliance with § 112 in trade secret cases are found in state cases: *Dow Chemical Co. v. American Bromine Co.*, 210 Mich. 262, 177 N.W. 996 (1920) and *National Rejectors, Inc., v. Trieman*, (Mo. Sup. Ct. 1966), 409S.W.2d1. In the antitrust case of *American Cyanamid Co. v. Power Conversion, Inc.*, 175 USPQ 302, companion opinion at 336 N.Y.S. 2d 6, 71 Misc. 2d 213, (New York Supreme Court, Westchester County 1971, 1972), the *state* court held it had the power to determine validity of a patent (175 USPQ at 303), and dealt with the issue of conflict of trade secret and patent laws involving § 112 (175 USPQ at 305-6).

Recently the Supreme Court of Florida in *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 515 So.2d 220 (Nov. 12, 1987) ruled that a Florida statute was preempted by federal patent law, notwithstanding an earlier contrary holding by the Federal Circuit as to a substantially similar California statute in *Interpart Corp. v. Italia*, 777 F.2d 678 (Fed. Cir. 1985).

Also, see *Christianson*, PA-13,14, 822 F.2d at 1552 (Fed. Cir.) and cases cited therein demonstrating that state courts may decide patent issues in cases which do not arise under the patent laws.

B. For the Federal Circuit to have Jurisdiction the Patent Case Must *Arise Under* the Patent Laws in the Same Sense that Cases are said to *Arise Under* Federal Law for Purposes of Federal Question Jurisdiction.

Not only from a *language* standpoint does Federal Circuit jurisdiction of § 1295(a)(1) depend upon district court "arising under" patent jurisdiction of § 1338, a section that long preceded the FCIA,[10] but it is also clear that Congress specifically *intended* cases to be within the federal circuit's patent jurisdiction "in the same sense that cases are said to 'arise under' federal law for purposes of federal question jurisdiction." H. R. Rep. No. 312, 97th Cong., 1st Sess. 41. Also, see *Christianson*, PA-15, 822 F.2d at 1551 & 1553 (Fed. Cir.) & *Handgards, Inc. v. Ethicon, Inc.*, 743 F.2d 1282, 1286, n. 3 (9th Cir. 1984) *cert. denied*, 469 U.S. 1190 (1985).

In accord, the Federal Circuit said:

> Congress said cases are within this court's patent jurisdiction "in the same sense that cases are said to 'arise under' federal law for purposes of federal question jurisdiction." House Report, at 41; *see* 28 U.S.C. § 1331 (1982).

PA-15, 822 F.2d at 1553. The Seventh Circuit similarly said:

> . . . it is now settled that § 1295 incorporates the traditional rules of statutory "arising under" jurisdiction.

PA-55, 798 F.2d at 1059.

C. It is Settled that "*Arising Under*" Jurisdiction is Determined by Reference to Plaintiffs' Complaint.

Whether a case "arises under" the patent laws has always been determined by reference to plaintiff's complaint. Both the Federal and Seventh Circuits acknowledged this by quoting the identical passage from this Court's recent decision in *Franchise Tax Bd. v. Laborers Vac. Trust*, 463 U.S. 2, 9 (1983),

[10] § 1338 is based on Title 28, U.S.C., 1940 ed., §§ 41(7) and 371(5) (Mar. 3, 1911, ch. 231, § 24, par. 7, 256, par. 5, 36 Stat. 1092, 1160).

which, in turn, quoted *Taylor v. Anderson*, 234 U.S. 74, 75-76 (1914):

> [W]hether a case is one arising under the Constitution or a law or treaty of the United States, in the sense of the jurisdictional statute . . . , must be determined from what necessarily appears in the plaintiff's statement of his own claim in [the complaint], unaided by anything alleged in anticipation or avoidance of defenses which it is thought the defendant may interpose.

Christianson, PA-57, 798 F.2d at 1060 (7th Cir.) and PA-15, 822 F.2d at 1553 (Fed. Cir.).

While, as the Federal Circuit observed (PA-26, 822 F.2d at 1559), the Seventh Circuit was influenced heavily by "counsel's briefs" and "post-complaint motions and arguments," the latter court conceded, at least in theory, that:

> It is still true, however, that the necessary factual allegations are to appear in the complaint and "may not be gleaned from the briefs and arguments themselves." *Bender v. Williamsport Area School District*, [475 U.S. 534, 547], 106 S.Ct. 1326, 1334, 89 L. Ed. 2d 501 (1986).

PA-58, 798 F.2d at 1060, note 12 (7th Cir.).

D. Under the "Holmes' Creation Test" Christianson's Cause of Action in His Complaint did Not "*Arise Under*" the Patent Laws.

The Seventh Circuit discussed (PA-56, 798 F.2d at 1059) the test described by Justice Holmes in *American Well Works Co. v. Layne & Bowler Co.*, 241 U.S. 257, 260 (1916): "A suit arises under the law that creates the cause of action." The Seventh Circuit and the Federal Circuit both readily determined that Christianson's case did not "arise under" the patent laws under Holmes "creation" test because Christianson did not seek "relief under the patent laws." (PA-59, 798 F.2d at 1061 (7th Cir.) and PA-8, 822 F.2d 1550 (Fed. Cir.)) This was true because Christianson's case was not founded on any of the provisions in

the patent laws where Congress created a cause of action.[11]

E. Christianson's Complaint Does Not State a Cause of Action Arising Under the Patent Laws Under a Proper Analysis of the "Well-Pleaded Complaint" Doctrine.

In order to have "arising under" jurisdiction, a well-pleaded complaint must also establish "that the plaintiff's right to relief *necessarily* depends on resolution of a substantial question of federal law." (Emphasis added). *Franchise Tax Board, supra*, 463 U.S. at 27-28. Stated another way, the right claimed under federal [patent] law "must be an element, and an *essential* one

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[11] Congress expressly created a civil cause of action under the following statutes:

> (a) 35 U.S.C. § 145 (civil action for applicant to obtain patent denied by board of Patent Appeals and Interferences);
>
> (b) 35 U.S.C. § 146 (civil action for party to an interference decided by Board of Patent Appeals and Interferences);
>
> (c) 35 U.S.C. §§ 281 and 288 (civil action by patent owner for infringement of patent); and
>
> (d) 35 U.S.C. § 291 (civil action by patent owner for interfering patents);

and the following may also provide a basis for a cause of action in certain situations:

> (e) 35 U.S.C. § 32 (an action for review of a decision of the Commissioner of the Patent and Trademark Office disciplining an attorney, see *Jaskiewicz v. Mossinghoff, Commissioner*, 802 F.2d 532 (D.C. Cir. 1986) and *Wyden v. Commissioner*, 807 F.2d 934 (Fed. Cir. 1986))
>
> (f) 35 U.S.C. § 256 (correction of named inventor, see *Aetna-Standard Engineering Co. v. Rowland*, 223 USPQ 557 (Pa. Ct. of Common Pleas, Butler Co. 1983)); and
>
> (g) 35 U.S.C. § 292 (suit by any person for false marking as "patented", etc., however, remedy is more like a criminal penalty than a civil remedy).

In *Beghin-Say International, Inc. v. Ole-Bendt Rasmussen*, 733 F.2d 1568, 1570 (Fed. Cir. 1984), attempts to construe issues relating to patent law provisions 35 U.S.C. § 102 and § 261 as being the basis for § 1338 jurisdiction failed. See also the extensive list of 167 other statutes that "relate to patents" in Chief Judge Markey's dissent in *Wyden v. Commissioner*, 807 F.2d 934 (Fed. Cir. 1986).

of the plaintiff's cause of action." (Emphasis added). *Gully v. First Nat. Bank*, 299 U.S. 109, 112 (1936); *Franchise Tax Board, supra*, 463 U.S. at 10-11. Accordingly, even where a federal claim is arguably contained within a cause of action, if the plaintiff may sustain or lose his right to relief for reasons "unrelated" to the federal claim, then the case does not "arise under" federal law. (See *Franchise Tax Board*, 463 U.S. at 26, including note 29).

Relying upon federal law in the complaint to counter anticipated defenses does not create "arising under" jurisdiction, nor does "arising under" jurisdiction exist when a federal patent issue emerges for the first time in pleadings or arguments subsequent to the complaint "even if" that issue "is anticipated in the plaintiff's complaint," and even if both parties admit that "it 'is the only question truly at issue in the case.'" *Franchise Tax Board., supra*, 463 U.S. 1 at 10 & 14. In short, "merely potential federal questions" that are not a part of the plaintiff's cause of action in the complaint do not create "arising under" patent jurisdiction. See *Christianson*, PA-57, 798 F.2d at 1060 (7th Cir.). Compare the later discussion of *Merrell Dow Pharmaceuticals v. Thompson*, 478 U.S. ____, ____, 106 S.Ct. 3229, 3232 (1986) where, even if a federal issue is in the complaint, the case may still not arise under federal law.

The Federal and Seventh Circuits acknowledged the existence of the above standards but proceeded to different results. The Federal Circuit, while finding nothing in the complaint to confer jurisdiction, nonetheless generally accepted in substance, if not in precise wording, the Seventh Circuit's explanation that under the "well-pleaded complaint" doctrine a case "arises under" the patent laws if the plaintiff asserts " ' . . . in the complaint some right or privilege *the existence of which* would be defeated by one or sustained by an opposite construction' of the patent laws." PA-19, 822 F.2d at 1556 (Fed. Cir.). A proper analysis of Christianson's complaint, as here follows, reveals that the Federal Circuit was correct and that the Seventh Circuit, possibly for the reasons later stated, misapprehended the complaint.

F. The Complaint Sought to Vindicate No Federal Right That Would Necessarily be Defeated or Sustained Depending Upon the Construction Given a Patent Law, in This Case 35 U.S.C. §112.

1. The elements of Christianson's antitrust cause of action[12] do not, either expressly or by implication, assert a right dependent upon § 112 and do not otherwise require a determination of § 112.

In Count I, plaintiffs Christianson and his company, ITS, pled[13] they were put out of business by a group boycott orchestrated by defendant Colt. Paragraph 22 of the complaint (JA-10-11) described some of the conduct of Colt that was claimed to violate the antitrust laws and paragraph 23 (JA-11) then alleged:

> Notwithstanding the unlawful nature of all of the foregoing efforts and demands by Colt, virtually all suppliers of ITS and customers of ITS have agreed with Colt to refrain from supplying and purchasing M-16 parts and accessories to or from ITS, which has had the effect of requiring ITS to close its doors and no longer transact business.

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[12] The Federal Circuit, in the *Introduction* to its opinion in this cause, concisely summarized the state of the pleadings with respect to Count I of the complaint:

> "An appeal in a pure and simple antitrust case is here solely because an issue of patent law appears in an *argument* against a *defense*. Christianson asserted rights that arise under, and only under, antitrust law. Colt's defense is its trade-secret rights under state law. Christianson's argument against that defense is that Colt lost its secrets because it did not disclose them in its patent applications."

PA-2, 822 F.2d at 1547 (Fed.Cir.).

[13] At the time of the filing of the complaint, it consisted of only one count and was grounded on the antitrust laws of the United States. (JA-7-10). Upon the filing of Count II, which was a cause of action for tortious interference with business expectancies under state law, the initial complaint became Count I. (See JA-4 & 52).

The allegations in the above referenced paragraphs of the complaint were predicated on several cases of this Court which make group boycotts of a single business actionable *per se* antitrust violations under the Sherman Act (15 U.S.C. §§ 1 & 2). In *Kiefer-Stewart v. Seagram*, 340 U.S. 211, 214 (1951), it was said:

> Seagram and Calvert acting individually perhaps might have refused to deal with petitioner or with any or all of the Indiana wholesalers. *But the Sherman Act makes it an offense for respondents to agree among themselves to stop selling to particular customers.* (Emphasis added).

Similarly, in *Klor's v. Broadway-Hale Stores*, 359 U.S. 207, 212-213 (1959), this Court reversed a district court which had dismissed as a "private quarrel," a concerted refusal to deal with a single appliance retailer, saying:

> Group boycotts, or concerted refusals by traders to deal with other traders, have long been held to be in the forbidden category . . . .
>
> . . . it is not to be tolerated merely because the victim is just one merchant whose business is so small that his destruction makes little difference to the economy.

To the same effect is *United States v. General Motors Corp.*, 384 U.S. 127, 145-146, (1966):

> Elimination, by joint collaborative action, of discounters from access to the market is a *per se* violation of the Act.
>
> . . . where businessmen concert their actions in order to deprive others of access to merchandise which the latter wish to sell to the public, we need not inquire into the economic motivation underlying their conduct . . . .

Also see *United States v. Parke, Davis & Co.*, 362 U.S. 29 (1960) and *Fashion Originators' Guild v. F.T.C.*, 312 U.S. 457 (1941).

A cause of action based on group boycott under the antitrust laws and the foregoing cases obviously do not require an antitrust plaintiff to plead as an element of his cause of action, and

thereafter prove, that the defendant's conduct was *not justified because* he possessed invalid trade secrets as a result of violating 35 U.S.C. § 112, or that the conduct was *not justified because* of countless other reasons that the defendant might possibly assert. "[G]roup boycotts, or concerted refusals by traders to deal with other traders," "have not been saved by allegations that they were reasonable in the specific circumstances." *Klor's v. Broadway-Hale Stores*, 359 U.S. 207, 212 (1959). This Court has said that "we did not inquire into the economic motivation underlying their conduct" "where businessmen concert their actions in order to deprive others of access to merchandise which the latter wish to sell to the public." *United States v. General Motors Corp.*, 384 U.S. 127, 146 (1966).

Therefore, the principles of the foregoing cases strongly suggest that there may be no justification at all for Colt's anti-competitive conduct, but, at the least, they clearly infer that a plaintiff has made out a *prima facie* case under the antitrust laws by resting once he has proven he was driven out of business as a result of a concerted refusal to deal orchestrated by the defendant.

The burden falls on the defendant to plead and prove justification for his anti-competitive conduct. That is exactly what Colt attempted to do in this case. It pled as a defense that it was entitled to engage in its anti-competitive conduct against Christianson because it was simply enforcing rights under state law to claimed trade secrets. (See Colt's answer, ¶ 45, JA-19).

Therefore, even at the complaint and answer stage of the proceedings, the § 112 federal patent issue had not yet become an issue in the case. It became an issue *only* and *for the first time* when Christianson filed a reply to Colt's answer and counterclaims. Thus, paragraph 114 of the reply contained the allegation that none of Colt's counterclaims were valid because of:

> . . . the wrongful acquisition of patent monopolies with

> respect to the M-16 . . . without the required disclosure of the patent technology and the maintenance of such patent technology as a trade secret for the purpose of extending the patent monopoly beyond the expiration thereof. (JA-45).

Moreover, Christianson was not required to plead *any* defenses to Colt's claim of trade secrecy in order to pursue his antitrust case, but was entitled to rely totally on this Court's decision in *Fashion Originators' Guild v. F.T.C.*, 312 U.S. 7, 457 (1941). In that case a boycott was directed against retailers who sold garments copied by manufacturers from designs put out by members of a fashion guild. The fashion guild had inspired the boycott, claiming that the copying by the boycotted retailers was unethical and tortious. This Court held that the boycott presented an antitrust violation "even if copying were an acknowledged tort under the law of every state." 312 U.S. at 468. Thus *Fashion Originators'* entitles Plaintiff to relief under the antitrust laws on account of Colt's boycott "even if" Christianson has no defenses to Colt's claim of trade secrets "under the law of every state."

While Christianson has elected not to totally rely on the above case and instead has raised additional defenses, he specifically relied upon that case in his appellate brief on the merits (p. 48) to the Seventh Circuit in order to have the antitrust judgment sustained. Obviously, Christianson intends to continue to rely on that case throughout the course of this litigation, if necessary.

Therefore, under the tests discussed, the most that may be said of the §112 patent disclosure issue is that at the time the complaint was filed it was merely a potential federal question that was neither expressed nor implied in the complaint as an element of plaintiff's cause of action. Accordingly, that question could not confer federal patent jurisdiction on the district court under the well-pleaded complaint doctrine.

2. The complaint's lone reference to § 112 in no way makes the case one which arises under the patent laws.

a. Colt "admits" validity.

Paragraph 18 of the complaint contains the sole reference to § 112 in the complaint, and, in its entirety, reads:

> 18. The validity of the Colt patents had been assumed throughout the life of the Colt patents through 1980. Unless such patents were invalid through the wrongful retention of proprietary information in contravention of United States Patent Law (35 U.S.C. § 112), in 1980, when such patents expired, anyone "who has ordinary skill in the rifle-making art" is able to use the technology of such expired patents for which Colt earlier had a monopoly position for seventeen years. (JA-9).

No language in paragraph 18 alleges that the patents were invalid because of the wrongful retention of proprietary information in contravention of § 112.[14] On the contrary, the opening sentence of the paragraph states that the validity of the Colt patents had been assumed. At the pleading stage, Colt did not read paragraph 18 as a claim by Christianson that the Colt patents were invalid, because in its answer to that paragraph,[15] Colt specifically said:

> . . . *admits* that Colt's patents are valid until the end of each of their respective lifetimes, . . . (Emphasis added). (JA-15).

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[14] The Federal Circuit correctly observed this. (PA-22, 822 F.2d at 1557)

[15] The Federal Circuit also noted this. (PA-23, 822 F.2d at 1557)

Accordingly, even after Colt's answer was filed, in which Colt sought to *admit* patent validity,[16] no issue had yet been drawn between the parties involving patent validity. Paragraph 18 simply stated that the patents had been assumed to be valid, and that upon their expiration anyone could use the disclosed technology "unless" the patents were invalid, in which event such technology could have been used earlier. For purposes of stating the elements of an antitrust cause of action, it was simply immaterial whether the patents were valid or invalid.

[16] Colt's attempted admission was self-serving in that it purported to admit more than what was alleged. Paragraph 18 neither alleged patent invalidity nor invalidity. It alleged only that the validity of the patents "had been assumed." The "Unless" clause is simply a complement to the opening sentence that says that the validity of the patents had been assumed. Following the "Unless" clause, the paragraph states that "when such patents expired" anyone "who has ordinary skill in the rifle-making art," paraphrasing the language of § 112, was entitled to use the technology of the expired patents.

Because Colt *admitted* patent validity instead of denying invalidity, the Seventh Circuit's statement that Colt pled patent validity as a defense to an allegation of patent invalidity under § 112, is necessarily mistaken. In this regard, the Seventh Circuit said:

> If Christianson is saying that Colt fully complied with § 112, but, nonetheless, attempted to make a trade secret out of that which was in the public domain, then there is no reason for Colt to present the "defense" of patent validity, because both sides would then simply be in agreement about the status of the patents. In other words, the defendant's allegation of patent validity cannot be a defense to the plaintiff's allegation of patent validity.

PA-62, n. 14, 798 F.2d at 1062, n. 14 (7th Cir.)

Of course, in view of the actual allegation of paragraph 18 of the complaint and its admission by Colt, no *defense* of patent validity was pled by Colt in its answer. Instead, and as noted, the defense pled was that Colt was enforcing its claimed trade secrets under state law. (¶45, JA-19)

b. Contrary to the Seventh Circuit's mistaken view, Christianson had the M-16 technology available to him for eight years, so his Complaint contained no implication that it had been withheld in violation of § 112.

The Seventh Circuit's analysis was bottomed on an alleged "implication" in the complaint. That court said:

> Christianson maintained by implication in the complaint, and expressly in its summary-judgment papers, that the information needed to make the parts was not available, so that Colt must necessarily have withheld that information in violation of § 112. The crux of the plaintiff's case is that, by failing to make the necessary disclosures under § 112, Colt is extending its exclusionary rights beyond the 17-year life of the M16 patents, a result inconsistent with the objectives of the patent system.

PA-60,61, 798 F.2d at 1061 (7th Cir.)

Contrary to the foregoing statement, Christianson expressly alleged in his complaint that the information had been available to his company, ITS, since 1976 when that company "expended funds to have manufactured certain tooling to be used for the manufacture of M-16 parts and accessories, which tooling was made by Casting Engineers, Inc. of Illinois and Martin-Marietta Company." (¶20, JA-9). Additionally, paragraph 21 of the complaint alleged that Colt had given ITS permission to use that tooling so that "suppliers, including Casting Engineers, could make M-16 parts for ITS to sell to customers, . . ."[17] (JA-9,10).

[17] Also see Affidavit of Charles Christianson in support of his Motion for Summary Judgment wherein he states that he purchased M-16 parts from Casting Engineers from 1976 through 1983 "for resale to various customers." (JA-59,60) Similarly, Judge Morgan, the District Court Judge who granted summary judgment, stated that Christianson "has been marketing M-16 components for approximately eight years." (PA-75).

Therefore, Christianson did not allege in his complaint that the technology had been kept secret from him, but rather that Colt had rendered useless this available technology by acting in concert with others to drive him and ITS out of business. (¶23, complaint, JA-11).

c. The Complaint contained no necessary implication of a § 112 violation because a lack of justification for Colt's anti-competitive conduct is not an element of an antitrust count.

Basic and fundamental to the Seventh Circuit's notion that the complaint contained an implication of a § 112 violation is its unarticulated assumption that in order to set forth a cause of action for antitrust based on group boycott, Christianson was required to demonstrate in his complaint the reason why Colt's anti-competitive conduct was not justified.[18] The Seventh Circuit believed that he was required to allege and prove a negative, that is, for example,that Colt's conduct was not justified because Colt's claim to trade secrets was in violation of § 112 or Colt was not entitled to enforce them for other reasons. As

[18] The Federal and Seventh Circuits had a marked disagreement regarding the necessary elements of an antitrust cause of action. While the Seventh Circuit found an implication of a § 112 violation in the complaint, the Federal Circuit held just the opposite. It said:

> The facts alleged setting forth Christianson's *antitrust* cause of action in the complaint require *no* construction of the patent laws.

PA-26, 822 F.2d at 1559 (Fed.Cir.). The Federal Circuit footnoted the foregoing statement with the following comment:

> It may be helpful to recognize that no patent issue or question, under § 112 or otherwise, would have been present at all if Colt had *not* elected to include its trade secret defense in its answer, or if Christianson had tried to overcome that defense on grounds other than non-compliance with § 112.

PA-26, 822 F.2d at 1559, note 20 (Fed.Cir.).

demonstrated, none of the group boycott cases cited previously suggest that a plaintiff in an antitrust case has such a burden. Indeed, they suggest that "competition not combination, should be the law of trade." See *United States v. Parke, Davis, supra*, 362 U.S. at 47, quoting from *National Cotton Oil. Co. v. Texas*, 197 U.S. 115, 129 (1905).

d. Even if proof of a lack of justification for Colt's anti-competitive conduct were an element of an antitrust count, the Complaint contained no *necessary* implication of a § 112 violation because a lack of justification for Colt's anti-competitive conduct was alleged and provable for reasons unrelated to a § 112 violation.

Christianson had sought to overcome the trade secrets defense on grounds other than non-compliance with § 112. In the fourth, fifth and sixth defenses to all counterclaims (pars. 98, 99 & 100 of reply), Christianson pled that Colt was barred from asserting its alleged trade secrets or any of its counterclaims because of "*laches*," "waiver and consent," and "estoppel." (JA-42,43). Of course, all of this was in addition to allegations in the complaint itself which had specifically stated that Colt had given Christianson's company "permission to use the tooling for which it had expended funds in 1976," and that his company, in reliance upon that permission had "expended funds" to have the tooling manufactured. (pars. 20 & 21 of complaint; JA-9,10). The § 112 wrongful disclosure argument to counter the trade secret allegations was not pled until near the end of the reply in ¶ 114 as the twentieth defense to all counterclaims. (JA-45).

Thus as of the time of the filing of the complaint, and even after several defenses had been pled, Christianson's discretion in determining whether to invoke § 112 was unfettered. Colt itself admitted in its cross-motion for summary judgment that the defenses of "waiver, estoppel and *laches*" would "remain for trial" regardless of the disposition of the summary judgment motions. (JA-82).

Nonetheless, if it be assumed *arguendo* that in an antitrust case the Seventh Circuit was correct, and that it is necessary to affirmatively set forth as a part of the plaintiff's cause of action a lack of justification for the anti-competitive conduct, the Seventh Circuit's analysis would still fail. The reason for this is because of the principles discussed in II. E., pp. 23-24, *supra*, relating to the "arising under" tests for jurisdiction. Under the test explained in that section, the plaintiff's right to relief would not "necessarily" depend on a resolution of federal law. *Franchise Tax Board*, 463 U.S. at 27-28. The element of federal patent law would not be "essential" to plaintiff's cause of action. *Gully, supra*, 299 U.S. at 112. That is, at trial Christianson could have affirmatively relied on the evidence other than that relating to § 112 as a part of his proof, such as permission, waiver, etc. and have prevailed, depending on the resolution of those issues. Additionally, he could have relied on the *Fashion Originators* case to claim that state trade secrets were immaterial.

Therefore, under the cases cited it cannot be said that the plaintiff's right to relief would *necessarily* depend on the resolution "of a substantial question of federal law." *Franchise Tax Board, supra*, 463 U.S. at 27-28. The plaintiff's right to relief could be established for reasons "unrelated" to the federal patent claim. (Again see *Franchise Tax Board*, 463 U.S. at 26, including note 29).

3. By similar analysis, the tortious interference count of the Complaint also claimed no rights under § 112.

The analysis set forth above applies in comparable fashion to Count II, which alleges violation of a state law count of tortious interference with business relations. Count II simply repeated pars. 2-21 of the initial complaint, Count I, and then made the following allegations:

> 22. Colt had a valid business relationship and expectancy to do business with Casting Engineers of Illinois to the end that Casting Engineers would supply M-16 parts

> to ITS for sale to other customers using tooling that ITS had previously purchased.
>
> 23. Colt had knowledge of this relationship and intentionally interfered with it by causing Casting Engineers to terminate its relationship in 1983 with ITS and to thereafter refuse to supply it with any parts for resale to customers.
>
> 24. Additionally, Colt urged customers of ITS not to do business with ITS with respect to M-16 parts, having knowledge of a business relationship or expectancy with these customers.
>
> 25. The actions of Colt in interfering with the relationship between plaintiffs and Casting Engineers and with plaintiff's potential customers was intentional and resulted in damage to ITS, in that ITS was forced out of business and Christianson was prevented from earning a living as its president and chief operating officer, which business was his chosen profession. (JA-52,53).

The foregoing count was modeled after the elements of a cause of action for tortious interference with business expectancies, as stated in the Illinois case of *City of Rock Falls v. Chicago Title & Trust Company*, 13 Ill.App.2d 359, 300 N.E.2d 331, 333 (3rd Dist. 1973);

> The elements which establish a *prima facie* tortious interference are the existence of a valid business relationship (not necessarily evidenced by an enforceable contract) or expectancy on the part of the interferer; an intentional interference inducing or causing a breach or termination of the relationship or expectancy; and resultant damage to the party whose relationship or expectancy has been disrupted.

The foregoing description of the elements was quoted verbatim with approval in *O'Brien v. State Street Bank & Trust Co.*, 82 Ill. App.3d 83, 401 N.E.2d 1356, 1357-1358 (4th Dist. 1980). These cases do not require that the plaintiff prove as an element of his cause of action that the interference was without just cause or unjustified, and the cause of action pleaded did not

do so. Colt filed an answer and counterclaims to Count II wherein it simply repeated its defenses and counterclaims that had been filed in response to the antitrust complaint. (JA-55). Additionally, Colt added an eighth affirmative defense which said:

> All actions by Colt complained of by plaintiffs were attempts by Colt to state facts, answer inquiries, and to assert and protect in good faith a legally protectible interest. (JA-56).

The language of the eighth affirmative defense appears to have been taken from the *Restatement of the Law*, Second, Torts § 773, which indicates that one who asserts in good faith a legally protected interest of his own by threatening to protect that interest by appropriate means has "a defense." Accordingly, the plaintiff did not plead a lack of justification in his complaint, relying upon the cited Illinois cases, and Colt continued to plead the same defenses pled to the antitrust count, with the additional defense of a legally protectible interest, presumably its alleged trade secrets.[19] Therefore, the analysis that has appeared with reference to the antitrust count con-

[19] Cases exist in Illinois which state, contrary to the cited cases, that lack of justification is an element of the plaintiffs cause of action. See, e.g., *Belden Corp. v. Internorth, Inc.*, 90 Ill.App.3d 547, 413 N.E.2d 98, 101 (1st Dist. 1980). Nonetheless, plaintiff is the "master to determine what law he will rely upon," *The Fair v. Kohler Die & Specialty Co.*, 228 U.S. 22, 25 (1912) and "[j]urisdiction generally depends upon the case made and the relief demanded by the plaintiff." *Healy v. Sea Gull Specialty Co.*, 237 U.S. 479, 480 (1915).

However, even if it be assumed that it was necessary to include in the complaint a lack of justification or the negativing of a privilege of the defendant to interfere, the analysis with respect to Count I that a § 112 argument was not "essential" or not "necessarily" a matter that had to be decided is equally applicable here. Again, the issues of permission, waiver, estoppel and *laches* also were available as a part of the plaintiffs cause of action to override any claimed justification or privilege on the part of Colt to interfere. Thus, the right to relief requested in the complaint could be sustained for reasons entirely "unrelated" to § 112. *Franchise Tax Board*, 463 U.S. at 26, and note 29.

cerning the defense of privilege or justification arising not in the complaint, but in subsequent pleadings, is equally applicable to Count II.

G. Analysis of Jurisdiction Under the Standards of *Merrell Dow* Requires a Finding of No Federal Circuit Jurisdiction.

Even if a necessary § 112 issue could be read into the complaint, it would still not follow that Christianson's action would "arise under" the patent laws under *Merrell Dow Pharmaceuticals v. Thompson*, 478 U.S. ___, 92 L.Ed.2d 650, 661, 106 S.Ct. 3229, 3235 (1986). As shown by the result in *Merrell Dow*, there is a "long-settled understanding that the mere presence of a federal issue in a state cause of action does not automatically confer federal-question jurisdiction." *Merrell Dow* held that even the express recitation of the violation of a federal statute as an express element of a state cause of action, under appropriate circumstances, does not mean that the case "arises under" federal law. Thus, *Merrell Dow* places yet another hurdle in the path of a state case before it can find its way into federal court. *Merrell Dow* forms this hurdle by requiring the analysis of numerous factors concerning Congressional intent and the interest of the state versus federal systems of justice.

This Court in *Merrell Dow* recited numerous factors and considerations that should be weighed before a case is considered to have the type of substantial federal interest necessary to cause it to "arise under" federal law. Those considerations included:

> (1) Whether the plaintiffs are part of the class for whose special benefit the statute was passed;
>
> (2) Whether the indicia of legislative intent reveal a congressional purpose to provide a private cause of action;
>
> (3) Whether a federal cause of action would further the underlying purposes of the legislative scheme;
>
> (4) Whether the plaintiffs' cause of action is a subject traditionally relegated to state law.

Merrell Dow, 92 L.Ed.2d at 660.

An analysis of the above factors, as well as issues ancillary thereto, reveals that even if the § 112 issue is read into Christianson's "well-pleaded complaint," § 1338 jurisdiction arising under the patent laws would still not exist. Consequently, Federal Circuit jurisdiction does not exist. In the present case, and in prior cases concerning § 1338 patent jurisdiction, this Court has been mindful that § 1338 prescribes exclusive federal jurisdiction. Because of this exclusivity, all circumstances where causes of action are found to "arise under" the patent laws causes more litigation to be taken from state courts and placed in federal court.

On the first point, 35 U.S.C. § 112 was enacted to insure that the public obtained the disclosure prescribed as the *quid pro quo* for the patent grant. Thus, Christianson and the rest of the public are part of the class for whose special benefit the statute was passed. On the second point there is no indicia that Congress intended that the public could sue an inventor to force him to make a disclosure under § 112. To the contrary, as previously indicated, Congress specified certain specific causes of action based upon the patent laws, and these do not include a right of the public to enforce or recover under § 112 (see note 11, *supra*). On the third point, Congress already enacted the antitrust laws to ensure that improper competition is not created by improper patent grants. There is no statutory provision, *per se*, in the patent statute for a private recovery for improper patent procurement. (There is, however, recovery of attorney fees in connection with exceptional cases arising under the patent laws under 35 U.S.C. § 285.)

On the fourth point it should be recognized that, from very early on, the state courts have been historically litigating issues of patent validity and § 112 issues in conjunction with contract and tort actions, examples of which were identified earlier. Congress has not taken any steps to limit such jurisdiction. In fact, even though "arising under" the patent laws jurisdiction has historically allowed state review of patent issues, Congress clearly chose to follow that body of law when

it formed the Federal Circuit's jurisdiction. Congress was concerned with uniformity in patent *infringement* litigation, not in each and every cause of action that may involve a patent issue.

Finally, on the question of antitrust law, the congressional record in the formation of the Federal Circuit indicates that Congress did not choose to place all patent related antitrust actions in the Federal Circuit. To the contrary Congress was concerned that parties might use patent claims to manipulate antitrust claims away from the regional circuits.[20]

Accordingly, the Federal Circuit has recognized that in such antitrust cases that may come before it, due to their being combined with a patent infringement claim, that it will respect the law of the regional circuits. See *Korody-Colyer v. General Motors*, 828 F.2d 1572 (Fed. Cir. 1987). Moreover, a different panel of the Seventh Circuit than the one involved herein decided an antitrust case involving patent issues during the existence of the Federal Circuit and did not raise any jurisdic-

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[20] As pointed out in *Schwarzkopf Development Corp. v. Ti-Coating, Inc.*, 800 F.2d 240 (Fed. Cir. 1986):

> The Senate expressed the concern that our jurisdiction not be manipulated "to create forum shopping opportunities between the Federal Circuit and the regional courts of appeals on other claims", the Senate focusing on antitrust issues as an example:
>
> > Thus, for example, mere joinder of a patent claim in a case whose gravamen is antitrust should not be permitted to avail a plaintiff of the jurisdiction of the Federal Circuit . . . .***
>
> Senate Report at 19-20, 1982 U.S. Code Cong. & Ad. News at 29-30. The Senate Report continued:
>
> > The Committee intends for the jurisdictional language to be construed in accordance with the objectives of the Act and these concerns. If, for example, a patent claim is manipulatively joined to an antitrust action but severed and dismissed before final decision of the antitrust claim, jurisdiction over the appeal of the antitrust claim should not be changed by this Act but should rest with the regional court of appeals.
>
> *Id.* at 20, 1982 U.S. Code Cong. & Ad. News at 30.

tional issue. See *Brunswick Corp. v. Riegel Textile Corp.*, 752 F.2d 261 (7th Cir. 1984).

The following quote from the Michigan Supreme Court in *A & C Engineering Co. v. Atherholt*, 95 N.W.2d 871 (Mich. 1959), *cert. denied* 361 U.S. 824 (1959) serves to state the view of most state courts on the line of demarcation under § 1338, (a line that Congress has not chosen to cross):

> The key to the correct rule is the distinction between 'case' arising under the patent laws and a 'question' arising under those laws. Pratt v. Paris Gas Light & Coke Co. (1897) 168 U.S. 255, 42 L.Ed. 458, 18 S.Ct. 62.
>
> Reduced to its lowest terms, the correct rule is that if the plaintiff founds his suit directly on a breach of some right created by the patent laws, he makes a case arising under those laws and only a Federal court has jurisdiction; but if he founds his suit on some right vested in him by the common law, or by general equity jurisprudence, he makes a case arising under state law and only a state court has jurisdiction. In this respect it is to be remembered that there is no Federal common law or equity law. These are the juridical attributes of the localities. Their principles, when administered in a Federal court, are derived from the respective peoples of the states. A case founded on a principle of tort, contract, or equity law is a case arising under state law. . . .

It is thus evident that state courts may determine the validity or scope of a patent when incidental to an action based on tort or contract.[21]

Therefore, under *Merrell Dow*, there is no Federal Circuit jurisdiction over this case based upon § 1338 "arising under"

[21] Besides the cases previously cited see also *Zenie v. Miskend*, 245 App. Div. 634, 637-639, *aff'd.* 270 N.Y. 636 (1939), and *Murray Dulberg v. Hugo Mock*, 1 N.Y.2d 54, 133 N.E.2d 695, 150 N.Y.S.2d 180 (1956) where state tort actions, respectively for unfair competiton and negligence, were maintained in state court even though they required the resolution of patent issues on the face of the complaints.

the patent laws. In review, Congress has not intended a federal claim for § 112 violations. There is no congressional intent that antitrust cases that may include patent issues be taken to the Federal Circuit. There are many state court cases dealing with patent issues and issues similar to the merits herein (See also *Dow Chemical, American Cyanamid, supra*). A finding like the one made by the Seventh Circuit's decision in this case, would only serve, due to § 1338 exclusivity, to take jurisdiction from the states and increase the burden of the federal courts. No such finding is justified by any substantial federal policy of sufficient import to change the traditional rule that states may intepret the patent laws in contract and tort cases and that accordingly other regional circuits may interpret the same laws in antitrust cases.

III. THE JUDGMENT OF THE FEDERAL CIRCUIT SHOULD BE VACATED AND THE APPEAL DISMISSED.

It may be seen from the foregoing portion of the brief that the "Seventh Circuit was led so far from Christianson's complaint as to render the well-pleaded complaint rule meaningless in this instance." (PA-26, 822 F.2d at 1559 (Fed. Cir.)) But it was Colt who did the leading. After the case was transferred to the Seventh Circuit, Colt filed a brief on the merits which contained the following statement in its jurisdictional summary:

> Colt originally filed this appeal on August 5, 1985, [footnote omitted] in the Federal Circuit *because the complaint*, albeit for antitrust liability, *depends entirely on the claim that Colt's patents are invalid* under 35 U.S.C. § 112. *The theory of plaintiff's complaint* is that Colt's failure to disclose its manufacturing specifications and its patent applications deprives Colt of both patent and trade secret protection, and that Colt's enforcement of those trade secrets violates the antitrust laws. (Emphasis added.)

Brief of Appellant, Seventh Circuit Docket No. 86-1145, P. 4.

That statement was the precursor of the Seventh Circuit's incorrect analysis. The statement should be compared to the Seventh Circuit's conclusory comment relative to the substance of the complaint:

> . . . the abuse by the defendant of the patent and trade-secret law was the *only* basis Christianson asserted in the complaint for the alleged antitrust violation, and the *only* ground asserted for invalidity of the trade secrets was the withholding of information in contravention of § 112. (Emphasis added.)

PA-61, 798 F.2d at 1061 (7th Cir.).

Colt's claim in its Seventh Circuit brief that the complaint depended "entirely" on a § 112 violation is distressing because its Cross-Motion For Summary Judgment demonstrates that it knew much better. In its opening paragraph the cross motion specifically requested that the Court strike "plaintiff's *affirmative defenses to Colt's counterclaims* relating to an alleged failure to comply with the patent laws and holding that Colt's proprietary drawings for the 'M16' rifle are valid and enforceable trade secrets." (Emphasis added). (JA-81) The closing paragraph also sought the striking of "plaintiffs' *affirmative defenses* relating to alleged deficiencies in Colt's patent disclosures." (Emphasis added). (JA-83-84)

Additionally, in the body of its cross-motion Colt recognized that the § 112 issue was a defense and not a part of the complaint. Colt also recognized that the § 112 issue was not the only means raised by Christianson to defeat its alleged trade secret claims. It said:

> Plaintiffs assert, however, that Colt may not enforce its trade secrets rights in these drawings for two types of reasons:
>
> (1) Colt's trade secrets should have been disclosed as a best mode for making the inventions set forth in patents owned by or assigned to Colt; and (2) the equitable defense of waiver, estoppel, and laches. Only the second *type of defense* should remain for trial. (Emphasis added.) (JA-82)

Nothing in Colt's cross-motion claimed that the § 112 issue was a matter appearing in the complaint. Moreover, the relief sought by Colt (JA-83, 84) did not include any request for relief as to the antitrust count of the complaint.

Since the very purpose of the cross-motion was to seek a definitive, favorable ruling on the § 112 issue, Colt would have obviously requested appropriate relief with respect to the complaint if it believed the § 112 issue was contained within it, and particularly if it believed, as it claimed in its Seventh Circuit brief, that the complaint depended "entirely" on the § 112 issue. Of course, as explained *supra* pp. 29-30, Colt never believed that the complaint, including ¶ 18, set forth a § 112 violation. That was why it sought to *admit* patent validity in its answer to ¶ 18.

Thus, while Colt fully understood that Christianson's antitrust complaint contained no theory of a § 112 violation, and that this theory arose only in defenses to Colt's counterclaims relative to its alleged trade secrets, Colt attempted to and did succeed in misdirecting the Seventh Circuit to just the opposite conclusion: that the complaint depended "entirely" on a § 112 violation. Colt therefore has significantly contributed to the "back-and-forth battering" (PA-28, 822 F.2d at 1560 (Fed. Cir.)) that the parties have so far experienced, and Colt has significantly contributed to the Seventh Circuit's judgment that it had no jurisdiction of the appeal just as surely as if it had filed a formal motion for such a determination.

After this case was retransferred from the Seventh Circuit back to the Federal Circuit, Christian filed a Motion to dismiss. (JA-113) In the motion, the doctrine of *res judicata*, or at the least, its underlying policy considerations resulting from a prior determination of no jurisdiction by the Federal Circuit, was invoked. (JA-113) Dismissal was also sought "[b]ecause the Seventh Circuit has refused jurisdiction in response to false and misleading representations of Colt to manipulate jurisdiction," thus making a re-re-transfer back to the Seventh Circuit not "in the interest of justice" under § 1631. (JA-113).

In view of Colt's representations to the Seventh Circuit, the

motion to dismiss was well taken and should have been allowed once the Federal Circuit determined it had no jurisdiction. Christianson now requests this Court to direct the Federal Circuit to allow that motion since a further transfer to the Seventh Circuit pursuant to 28 U.S.C. § 1631 would only be appropriate "if it is in the interest of justice." Colt's conduct precludes such a finding. When a transfer is not in the interest of justice, the appeal should be dismissed. See *Bray v. United States*, 785 F.2d 989 (Fed. Cir. 1986) and *Little River Lumber Co. v. U.S.*, 7 Cl.Ct. 492 (1985).

IV. CONCLUSION

This court should vacate the decision, judgment, and mandate of the Federal Circuit for want of jurisdiction and order that the appeal be dismissed. Should this Court determine that the Federal Circuit was in error in concluding that it had no jurisdiction, then this Court should grant certiorari to review Question 2 presented in Christianson's Petition for Writ of Certiorari.

Respectfully submitted,

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